



Hwys & Local Programs

September 30, 2008

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Olympia, WA

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FROM: Linea Laird, P.E./Craig McDaniel
360-705-7821

**SUBJECT: Fuel Cost Adjustments for Force Account Work
Supplemental AGC/WSDOT Equipment Rental Agreement**

As many of you know, WSDOT specifications reference the Blue Book as modified by the current AGC/WSDOT Equipment Rental Agreement as the resource for determining compensation for force account use of equipment. WSDOT and AGC's philosophy behind the agreement has been to structure force account payments so that the contractor is fully compensated for their costs. The intent is to avoid having contingencies bid into the contract for costs that may not be incurred.

In keeping with this philosophy, WSDOT and the AGC have agreed to a fair and simple method to make an interim fuel cost adjustment to equipment rates. Instead of calculating multiple rates we have agreed to one **7% increase to operating cost**. The enclosed Supplemental Equipment Rental Agreement will be effective from October 1, 2008 to January 15, 2009 **at which time it will expire and will no longer be applied**. A review of Blue Book operating costs will be made at that time, and another supplemental agreement may or may not be required.

Please advise your project offices of this change. The Standard Specifications refer to the "current" version of the agreement; therefore no change order is required to make this additional payment. The force account software has been modified to automatically calculate the fuel cost adjustment and add it to the FHWA rate on the equipment worksheet. The fuel cost adjustment will not be included in the standby rate. For the application to correctly compute this adjustment, make sure that the operating cost is input as well as the FHWA rate. Do not apply the 7% adjustment to the operating cost prior to entering it into the force account application. The adjustment will only be applied on force account sheets with work dates that fall within the effective dates of the

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supplemental agreement. (Note: underlined terms are input fields within the force account software.)

Please note that, for those that do not use the WSDOT force account application, a manual 7% increase must be added to the Rental Rate Blue Book Hourly Operating Cost for work performed during the effective lifespan of the Supplemental Agreement.

For questions, please contact me or John Anderson at 360-705-7834.

CEM:dlm

Attachment: AGC/WSDOT Supplemental Equipment Rental Agreement

cc: Dave Mounts, H&LP 47390
Dave Mariman, 47354
John Anderson, 47354

**AGC – WSDOT
SUPPLEMENTAL EQUIPMENT RENTAL AGREEMENT**

Effective Dates: October 1, 2008 until January 15, 2009

It is mutually agreed by the parties to this agreement that rental rates to be paid Contractors for equipment used on force account will be established in accordance with Section 1-09.6 of the Standard Specifications, the AGC-WSDOT Equipment Rental Agreement Effective May 1, 2007, and this Supplemental Agreement.

This Supplemental Equipment Rental Agreement modifies the AGC-WSDOT Equipment Rental Agreement Effective May 1, 2007 as described below.

2. Rental Rate, paragraph c. is revised to read:

- c. The hourly operating cost for each hour that the equipment is in use. "In use" shall mean that the presence of the equipment is necessary for the operation and that the equipment is present and is not being used for other activities while the force account work is underway. Under these circumstances, the equipment shall be paid at its hourly rate plus 1.07 times the hourly operating cost.

4. Rental Equipment, the first paragraph is revised to read:

If Contractor-owned equipment is not reasonably available, the Engineer may approve the use of operated or non-operated rental equipment. Operated equipment shall be considered a "service" and shall be compensated according to section 4 of the force account specifications. Non-operated equipment shall be compensated according to the provisions for rented equipment in section 3 of the force account specifications. If the invoice costs of non-operated equipment do not specifically say that fuel is included, then 1.07 times the Rental Rate Blue Book Hourly Operating Cost shall be added for each hour the equipment operates.

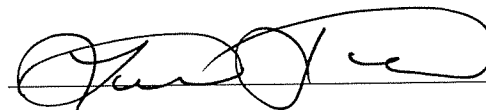
This Supplemental Equipment Rental Agreement is issued after conference among representatives of the Associated General Contractors of Washington and the Washington State Department of Transportation and has the approval of both.

**Associated General Contractors
of Washington**



Van Collins
Legislative Council

**Washington State Department of
Transportation**



Linea Laird, P.E.
State Construction Engineer